

The Manager - Company's Announcements  
Australian Securities Exchange

## **Drilling to Commence at Lynn Lake Nickel-Copper-Cobalt Project**

### **Corazon targeting priority geophysical anomalies**

- **Corazon to drill test impressive nickel-copper-cobalt targets at the Fraser Lake Complex within the Lynn Lake Project area**
  - **Drill site preparations completed**
  - **Drilling contractors expected on-site 15<sup>th</sup> January**
- **Initial program of ~1,500m of core drilling testing highest priority targets derived from Corazon's 2016 field program**
- **Drill targets include strong conductive and chargeable anomalies, coincident with magnetic highs**
- **Targets predominantly under shallow cover, interpreted from near surface to depths of greater than 700m**
- **Fraser Lake Complex located just 5km south of the historic Lynn Lake Mining Centre**
- **Mt Gilmore Cobalt-Copper-Gold Project (Australia) update also provided within**

Corazon Mining Limited (ASX: CZN) ("Corazon" or "the Company") is pleased to announce plans to commence its maiden drill program at the Fraser Lake intrusive complex (FLC) within the Lynn Lake Nickel-Copper-Cobalt Project in the Manitoba Province of Canada.

The Company plans to undertake approximately 1,500 metres of core drilling over its highest priority geophysical anomalies within the FLC, which is located only five kilometres south of the Lynn Lake Mining Centre (Figure 1).

Drill site preparation has been completed and drilling is scheduled to begin the week commencing Monday 16 January. The program is expected to take one month to complete.

Drilling will initially test four priority targets, generated from Corazon's IP geophysics and surface geochemistry programs conducted in 2016, in conjunction with the collation of historical exploration data stretching back to the 1940's. This body of work has identified multiple compelling drill targets within the FLC, indicative of the style of mineralisation previously mined at Lynn Lake.

#### **CAPITAL STRUCTURE**

Market cap. @ A\$0.017	A\$13.83M
Ordinary shares	813M
Options	20M
ASX: CZN	

#### **BOARD OF DIRECTORS**

Clive Jones	Non-executive Chairman
Brett Smith	Managing Director
Jonathan Downes	Director
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Past surface sampling and drilling at FLC has also identified magmatic nickel-copper sulphides associated with lithologies identical to the Lynn Lake host units.

The main target area is a trend that has been defined by IP geophysics (ASX announcement 27<sup>th</sup> July 2016) and surface geochemistry (ASX announcement 26<sup>th</sup> October 2016). The chargeable IP anomaly is open to the south-west (away from the IP survey area) and is aligned with what is interpreted to be the magmatic feeder to the FLC (Figure 2).

Other quality targets have been shortlisted for drilling, proposed for completion subsequent to receipt of the results of the initial drilling program.

### **Priority Drill Targets**

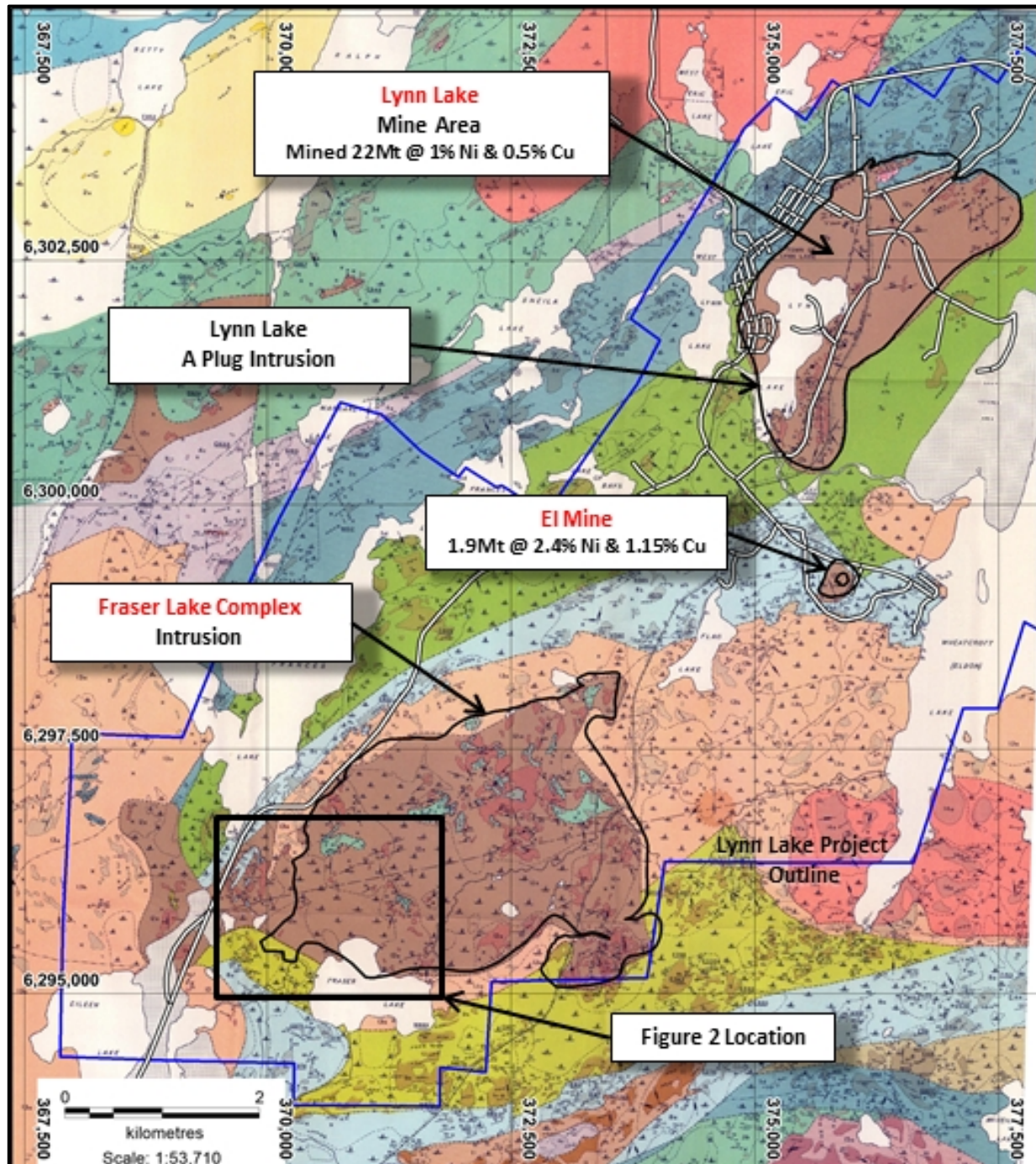
The initial target (Figure 2 - **#1 Target**) is an EM conductor (VTEM anomaly) situated outside the area tested by the IP survey, but within the interpreted neck of the intrusion. The interpreted “plate” generated from the VTEM anomaly has an extremely high conductance of  $CT=4,086$  S, with dimensions of 60m wide by 15m thick and 482m down-plunge towards the south-west. The plate is interpreted to start at surface (below shallow cover) and is coincident with a magnetic high of 140m by 120m in area (generated from detailed low-level aeromagnetics). The high conductance of this anomaly sets it apart from any other anomaly in the Lynn Lake region.

Target #1 has characteristics similar to the EL Deposit within the Lynn Lake Mining Centre. The EL Deposit was a massive sulphide breccia pipe-like intrusion with a core diameter of between 90m and 120m, surrounded by a halo of lower-grade disseminated mineralisation. The EL Deposit was mined from surface down to 270m and produced approximately 1.9Mt @ 2.4%Ni and 1.15% Cu (cobalt production not recorded).

**Targets #2 and #3** (Figure 2) are within the main IP chargeable anomaly trend and exhibit strong chargeabilities of between 20 and 45 m/s. Both targets originate not far from surface and extend down to depths in excess of 700m. Target #2's strongest chargeable IP signature is interpreted to start at about 175m below surface, and Target #3 at about 350m below surface. Both drill targets are coincident with high magnetic anomalies.

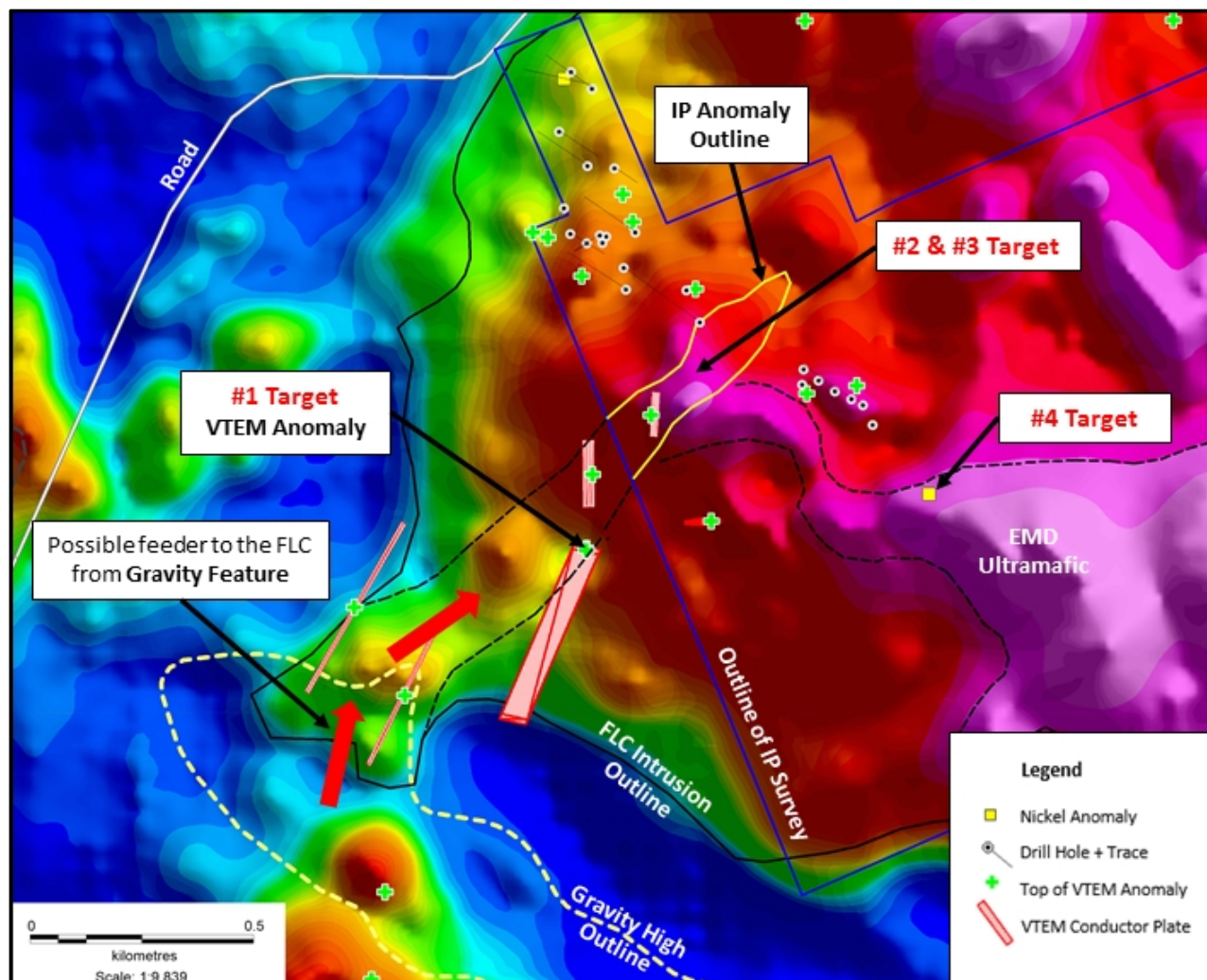
These new anomalies identified by Corazon (ASX 27 July, 2016) are more typical of the main Lynn Lake mine area, with IP geophysics being a good test of the larger disseminated style of mineralisation. The depth of the better IP anomalism is beyond the effective testing depth for VTEM and, as such, any massive sulphide mineralisation would not be detected.

**Target #4** (Figure 2) is a coincident IP/magnetic anomaly close to an historical rock chip result of 0.39% nickel and is within what is interpreted to be the feeder to the Eastern Magnetic Domain Ultramafic.



**Figure 1 – Project Location and Geology.** Interpreted Geology – Emslie, R.R. and Moore, J.M. 1961. Manitoba Mines Branch, Publication 57-4. Datum UTM Zone 14 (NAD83). Lynn Lake is considered an historically significant nickel mine and remains the fourth largest nickel producing districts in Canada, despite the mine closing in 1976. The Fraser Lake Complex is twice as large as Lynn Lake and in many facets is geologically identical to Lynn Lake.





**Figure 2 – Geophysical Features and Targets.** Aeromagnetic Total Field image, interpreted features with VTEM conductive high anomalies, the main IP anomaly, IP Survey outline, historical drilling and anomalous nickel locations. A gravity high anomaly to the south of the FLC intrusion is believed to be the source of mantle material that feed the intrusion. The main IP anomaly (#2 & #3 Targets) trends off the IP surveyed area and is in alignment with the interpreted neck/feeder zone of the intrusion. An extremely high conductive VTEM anomaly (#1 Target) is also situated on this trend.

### Lynn Lake Project Summary

On 1<sup>st</sup> April 2015, Corazon announced it had consolidated the Lynn Lake Nickel-Copper Field under the ownership of one company for the first time since mine closure in 1976. In doing so, Corazon created a significant nickel-copper sulphide asset.

Consolidating the nickel field improves the economics of any potential mining operation and provides benefits in scale and possible mine life, enhancing the opportunity to take advantage of an appreciating nickel metal price.

Despite mine closure in 1976, Lynn Lake remains Canada's fourth largest nickel producing district - approximately 22.2Mtons at 1% nickel and 0.5% copper (cobalt not reported) were mined between 1953 and 1976. The Lynn Lake deposits are favourable for large-scale, low-cost mining methods and in places have been exploited down to depths of more than one kilometer.

On 16<sup>th</sup> April 2015, Corazon published an initial JORC Indicated and Inferred Mineral Resource Estimate for the consolidated Lynn Lake Project of 9.4Mt @ 0.88% nickel and 0.40% copper, for 83,000 tonnes of contained nickel and 37,800 tonnes of contained copper (Table 1).

Zone	Bottom Cut Grade		Tonnes	Grade		Contained Metal	
	NIEQ %	Ni %		Ni %	Cu %	Ni Tonnes	Cu Tonnes
Indicated Resource Category							
EL Upper		0.4	1,121,136	0.77	0.34	8,587	3,828
EL Lower		0.6	676,230	0.83	0.40	5,599	2,700
N	0.8		2,990,000	0.86	0.41	25,714	12,259
O	0.8		2,630,000	0.82	0.37	21,566	9,731
Indicated Sub-Total			7,417,366	0.83	0.38	61,465	28,518
Inferred Resource Category							
EL Upper		0.4	644,988	1.55	0.61	9,992	3,909
EL Lower		0.6	291,726	1.01	0.44	2,959	1,288
N	0.8		710,000	0.79	0.39	5,609	2,769
O	0.8		100,000	0.75	0.36	750	360
G	0.8		240,000	0.94	0.39	2,256	936
Inferred Sub-Total			1,986,714	1.09	0.47	21,566	9,263
Total			9,404,080	0.88	0.40	83,032	37,780

**Table 1: Mineral resource for the EL, N, O and G deposits at Lynn Lake**

**Table 1 Notes:**

Cobalt mineralisation not reported within resource due to incomplete historical analysis for the metal.

Nickel equivalent grades (NIEQ%) are provided as an indicator of value in a multi-metallic deposit. Lynn Lake has a long history as a nickel, copper and cobalt mining camp. It is the Company's opinion that all elements included in the metal equivalent calculation have a reasonable potential to be recovered. Past mining of these deposits has reported minimum recoveries above 85% for all metals, typically greater than 90% for Ni, Cu, Co. 
$$\text{NIEQ\%} = (((\text{Cu\%} \times 2 \times 22.04622) + (\text{Ni\%} \times 7.22 \times 22.04622)) / 7.22) / 22.04622$$
 where Ni = US\$7.22 /lb Cu = US\$2.00 /lb.

The Resource grade is consistent with historical grades from the Lynn Lake Mine, which operated for 24 years as a large tonnage, low cost mine. Corazon is of the view that there are obvious areas where the existing Resource may be increased. **In recent years, three new discoveries have been made at Lynn Lake, in the "shadow of the headframe".** These discoveries are not included in the current Resource and have the potential to add to the existing Resource inventory.

Since consolidating the Project in 2015, Corazon has completed extensive work in locating and acquiring all historical exploration and mining data for Lynn Lake. This has been an enormous task, with project information was scattered across Canada, held by multiple parties and predominantly in paper format. The Company reasonably estimates three million dollars worth of geophysics has been accumulated.

In addition to the geophysical data, the digital drill-hole database has increased from 3,800 drill-holes to almost 9,000 drill-holes, and the surface geochemical dataset has developed from zero to 2,783 samples of predominantly research-quality element analysis.

This information has generated the targets currently being tested at the Fraser Lake Complex, and the data will also be used to target additional resource opportunities in the Lynn Lake Mining Centre.

The Lynn Lake project area is situated immediately adjacent to the **Lynn Lake Township**, which was established in the 1950s to support the Lynn Lake mining operation; as such, the area boasts excellent infrastructure and the capacity to support the recommencement of mining.

The Thompson Nickel Refinery (owned by Vale) is located only 320km from the Lynn Lake Project and is accessible by a major road. In addition to road, a rail line links Lynn Lake with the mining town of Flin Flon, approximately 270km to the south (northern 100km of railway line not currently in use).

The Manitoba Provincial Government is supportive and is actively encouraging mineral exploration and mining. The Lynn Lake project area carries no historical environmental liability from previous mining activities.

### **Mt Gilmore Cobalt-Copper-Gold Project Update**

In November and December 2016 the Company announced high-grade cobalt results from its inaugural drilling program at Cobalt Ridge within the Mt Gilmore Project in New South Wales.

At the completion of the RC drilling, three holes were extended with core tails. The results from the core drilling are expected to be returned this month and will be announced following receipt and interpretation by the Company.

First-pass metallurgical test work on RC drill samples is underway. This work will provide information regarding the nature of the cobalt-copper-gold mineralisation and in particular the viability of the cobalt for use in the rechargeable battery industry. The results of this work are expected by the end of the first quarter, 2017.

Field-work at Mt Gilmore in 2017 will commence with the definition of additional cobalt drill targets at Cobalt Ridge and the reconnaissance of other historically defined copper prospects for cobalt.

### **Company Overview – Corazon Mining Limited**

Corazon Mining Limited (ASX:CZN) is a Perth based Australian mineral exploration company with projects in Canada and Australia.

The Company's flagship project is the Lynn Lake Nickel-Copper-Cobalt Project in the province of Manitoba in Canada. The acquisition of the Mt Gilmore Cobalt-Copper-Gold Project (ASX announcement, 16 June 2016) in New South Wales (Australia) has provided the Company with an exciting dual focus and opportunity.

Lynn Lake is a significant historic nickel-copper-cobalt mining area that ceased operation in 1976, after 24 years of continuous production. Corazon has been active in the Lynn Lake area since 2010 and has, for the first time since mine closure in 1976, consolidated the Lynn Lake Mining Centre under the ownership of one company.

The Lynn Lake Project is a development opportunity and boasts large remnant nickel-copper-cobalt resources within the historical mining centre, as well as significant drill defined resource potential from historical drilling and modern discoveries proximal to the mines. In addition to the near-mine opportunities, the exploration upside of this project is potentially enormous. Recent work by Corazon has highlighted a very large and compelling exploration target at the nearby Fraser Lake Complex (refer to Corazon's previous ASX announcements). The Fraser Lake Complex is predominantly under cover, twice as large as Lynn Lake, and has all the geophysical and geochemical characteristics of the Lynn Lake mineralisation.

The Australian Mt Gilmore Project provides the Company with an early-stage exploration play with indicators of large-scale copper-gold systems such as porphyry and skarn intrusive related deposits. The most advanced exploration project within Mt Gilmore is the Cobalt Ridge prospect, a high-grade cobalt deposit with accompanying copper and gold mineralisation. Cobalt is a metal of growing strategic importance due to its requirement for use in Lithium-Ion batteries and the emerging rechargeable battery sector. The cobalt mineralisation within the Mt Gilmore Project provides an early focus for exploration activities for the Company.

**END.**

**For further information visit [www.corazon.com.au](http://www.corazon.com.au) or contact:**

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### **Competent Persons Statement**

The information in this report that relates to Exploration Results and Targets is based on information compiled by Mr Brett Smith, B.Sc Hons (Geol), Member AusIMM, Member AIG and an employee of Corazon Mining Limited. Mr Smith has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Smith consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Canadian geologist Dr Larry Hulbert has been engaged by Corazon to manage the collation of past exploration information and the definition of new targets at Lynn Lake. Dr Hulbert has extensive knowledge of the Lynn Lake district and over 40 years' experience in Ni-Cu-PGM exploration and research. Dr Hulbert is one of North America's foremost experts on magmatic sulphide deposits and would qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

Dr. Hulbert has authored numerous professional papers, was the recipient of the Barlow Medal from CIM in 1993, a Robinson Distinguished Lecturer for the Geological and Mineralogical Association of Canada for 2001-2002, and in 2003 received the Earth Sciences Sector Merit Award from Natural Resources Canada.

The information in this report that relates to Exploration Results and Mineral Resources for the A Plug deposits at the Lynn Lake project is based on information compiled by Mr Neal Leggo who is a Member of the Australian Institute of Geoscientists. At the time of completing the resource Mr Leggo was a full time employee of Ravensgate and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Leggo consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The information in this report that relates to Exploration Results and Mineral Resources for the EL Plug deposits at the Lynn Lake project is based on information compiled by Mr Stephen Hyland who is a Fellow of the Australasian Institute of Mining and Metallurgy. At the time of completing the resource Mr Hyland was a full time employee of Ravensgate and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Hyland consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

### **Forward Looking Statements**

This announcement contains certain statements that may constitute "forward looking statement". Such statements are only predictions and are subject to inherent risks and uncertainties, which could cause actual values, results, performance achievements to differ materially from those expressed, implied or projected in any forward looking statements.